

Solidarity Finance to Link Investors with Businesses

2015

Report for the Knowledge Transfer Partnership

Scottish Agricultural Organisation Society Ltd and University of Aberdeen



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Abbreviations

| | |
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| ALDEA | Agence de Liaison pour le Développement de l'Économie Alternative |
| ANGC | Association Nationale des Groupements de Créateurs |
| CAE | Coopérative d'Activités et d'Emploi |
| CIAP | Coopérative d'Installation en Agriculture Paysanne |
| CIGALES | Club d'Investisseurs pour une Gestion Alternative et Locale de l'Épargne Solidaire |
| CSESS | Conseil Supérieur de l'Économie Sociale et Solidaire |
| EARL | Exploitation Agricole à Responsabilité Limitée |
| ESS | Économie Sociale et Solidaire |
| FCPES | Fonds Commun de Placement Solidaire |
| ISF | Impôt de Solidarité sur la Fortune |
| PEE | Plan d'Épargne Entreprise |
| PERCO | Plan d'Épargne pour la Retraite Collectif |
| PFIL | Plate Forme d'Initiative Locale |
| PME | Petites et Moyennes Entreprises |
| REAS | Réseau pour une Économie Alternative et Solidaire |
| SA | Société Anonyme |
| SAPO | Société Anonyme à Participation Ouvrière |
| SARL | Société à Responsabilité Limitée |
| SAS | Société par Actions Simplifiée |
| SCIC | Société Coopérative d'Intérêt Collectif |
| SCOP | Société Coopérative et Participative |
| SICA | Société d'Intérêt Collectif Agricole |
| TPE | Très Petites Entreprises |

Introduction

French initiatives have inspired particular attention and further research in the context of SAOS's commitment to enable Scotland's agricultural co-operatives and farming families to have direct access to affordable, ethical financial services. Our KTP Interim Report introduced readers to organisations such as Coopérative d'Installation en Agriculture Paysanne (CIAP) and Terre de Liens that assist people to set up farm businesses and promote public awareness of rural and land issues. The emergence and rising profile of these organisations are part of a much larger phenomenon which is France's social and solidarity economy (*l'économie sociale et solidaire*). The ESS comprises the ensemble of enterprises organised under the forms of co-operatives, mutuals, associations or foundations that function according to principles of solidarity and social utility with democratic and participatory forms of management. The French government's new law relative to the ESS was adopted on 31 July 2014. It became effective on 2 August 2014 to help further develop this sector of the national economy by setting clear juridical and financial frameworks.

In this present report for the KTP the focus is on French investors' clubs and savings schemes to support businesses that are directly connected with the ESS. The social processes by which investors' clubs and savings schemes are set up and organised in France are intrinsically

interesting for anyone concerned with how bonds of trust are fostered in communities. Such bonds are indicative of 'social capital' a concept that can be used in measuring the 'wealth' of a society. Moreover, the topic of linking investors with businesses in ways that prioritise social and environmental benefits rather than private profit maximisation is of profound contemporary relevance. Transfer of knowledge about the ESS is already happening across national borders in Europe and developing countries. Raising awareness among policy makers is a priority for practitioners and researchers.

Strikingly apparent in France are the collective ambition, creativity and agency of people working together for social and environmental objectives. Access to finance for business growth acts as a key, which is most effective for start-ups when joined with the mentoring and networking opportunities for entrepreneurs set up by actors within the social and solidarity economy. Success rates for the ESS continue to stimulate the French government's legislative reforms and to increase the spread of innovative practices. Information in this report, therefore, provides the potential for SAOS and its stakeholders to consider whether the tools and techniques described here might be adapted and tailored to the Scottish context.

Part 1 Investors' Clubs

1.1 Purpose and principles

France has a very interesting form of financial intermediary known as CIGALES (*Club d'Investisseurs pour une Gestion Alternative et Locale de l'Épargne Solidaire*). The purpose of an investors' club is to mobilise the savings of its members for the creation and development of small and medium enterprises, which may be co-operatives (CAE, SCOP, SCIC, SICA), limited liability companies (SARL), limited companies (SA), or civic associations.

An investors' club has between five and twenty members who pool a part of their savings and meet regularly through the year to decide in a democratic manner how to use those collective funds in support of enterprises or associations at any stage of creation or development in the local territory. It is a structure of risk capital with the legal status of voluntary indivision for a fixed duration. Each member has one vote regardless of the amount of money contributed. The lifespan of an investors' club is limited to five years with the possibility of renewal only once for another five-year term. At the end of the five years (or ten years maximum where renewal has occurred) the club liquidates its portfolio and returns funds to members on a pro rata basis.

The origins of CIGALES date back to the founding in 1980 of the Agence de Liaison pour le Développement de l'Économie Alternative (ALDEA). On 14

July 1982 – Bastille Day – ALDEA launched the first CIGALE (the word *solidaire* was not yet in the title). The following year saw the setting up of more investors' clubs, the establishment of a federation, and formal adoption of the ALDEA Charter. An extract from that 1981 Charter succinctly conveys the ambition: 'We want to imagine a world where each individual rediscovers the freedom to decide their own destiny and participate in the economy where they live.'

The founders' objectives were socially responsible use of savings and savers' control via short circuits of financing in their own locality. A co-operative called Garrigue was set up in 1985 to mobilise savings on a larger scale as it continues to do today (see Part 3). By 1988 there were sufficient numbers of investors' clubs to envisage the 'Forum of 100 CIGALE' and in 1989 the first regional association was created in the region that surrounds Paris (Île de France). The word *solidaire* entered the title of a network organised in 1992 known as the Réseau pour une Économie Alternative et Solidaire (REAS). In 2000 the word *solidaire* was also added to the title of investors' clubs and the acronym amended to CIGALES.

The Charter, of which an updated version appeared in 2000, incorporates the criteria for club participants' selection of projects. It is not uncommon for several clubs to join forces in order to boost the resources available for a single project. In addition to the equity capital advanced to a small enterprise or association (the amount of

which must remain at a level below blocking minority in accordance with the form of the company), the CIGALES place special importance on the accompaniment of the entrepreneur(s) through provision of social support typically expressed by facilitating access to relevant contacts, experience, and expertise. Once a project is selected, a club (or a cluster of clubs all contributing by mutual agreement) must make every effort to help the entrepreneur(s) bring that project to successful fruition.

Participation in an investors' club requires a commitment from members to be actively building and maintaining relations with people and organisations in their locality. When an investors' club is formed it is necessary to publicise its existence and purpose via the local press, the display of posters and brochures, and members' presence on stalls at community events. In order to reach out to individuals and small enterprises that may potentially bring forward projects, investors' clubs must foster dialogue with local authorities, chambers of commerce and industry, administrative bodies, and non-government networks. Effective use of IT helps, especially the web-based local initiative platforms (PFIL) that foster coordinated action by economic actors in the same territory. These platforms have proved to act as a lever for economic development by helping to unblock problems in accessing loans from a bank.

CIGALES enable and encourage people:

- to participate actively in the

economic development of a territory

- to accompany and take risks with the entrepreneur(s)
- to transmit values, knowledge, and expertise
- to balance diversity of participation with network coherence
- to appreciate the autonomy, flexibility, and conviviality of a club
- to apply principles of diversity, internal democracy, and collective citizenship for the cohesive benefit of a club
- to keep watch on the quality of public administrative services available to enterprises
- to create strong links between a club and regional association that foster social ties and sense of belonging.

The Fédération nationale des CIGALES is headquartered in Paris. It has an elected leadership team currently comprising two co-presidents, a secretary, a treasurer, and a board of administration. Regional associations play an important role in coordinating the operations of local clubs within the territory of each region.

1.2 Outline of practicalities

A *Guide cigalier* has been developed by the Fédération nationale des CIGALES that reflects some three decades of activity and experience in the setting up, managing, and winding down of investors' clubs. Pro forma documents are available for the clubs to fill in and return to regional associations that provide administrative advice and assistance. It is not the intention here to do a straight translation of all the detailed information in the *Guide cigalier*, particularly because certain procedural elements and institutions specific to France may not be easily recognised by people living in Scotland. Rather, the following discussion summarises some of the key stages, roles, and issues.

The *Guide cigalier* identifies four obligatory steps to setting up an investors' club.

Step 1. Organise a general meeting to decide a name for the club, to choose a bank where a current account and a savings account will be opened, and to fill out and sign four copies of the *convention d'indivision* (referring to the legal status of 'voluntary indivision for a fixed duration', see step 2 below). It will also be necessary to agree the initial amount of capital to be deposited in the bank by members (this amount will be additional to members' contributions to the sum locally decided for club running costs and to the sum nationally decided for membership of the federation). Then all participants in the meeting who intend to join the club sign a

membership form and the CIGALES charter, and the cheques are gathered.

Step 2. Register the *convention d'indivision* with the tax office that will keep one of the four copies signed at the general meeting. The chosen bank and the regional association will also each require a copy, and the club keeps the fourth copy. The regional association handles the administrative registration and payment to the French Treasury, which ensures that the investors' club is not classed as a business for which taxation requirements are distinct.

Step 3. Open the investors' club accounts at the chosen bank once the registration with the tax office and French Treasury is complete. Generally it is advised to have a current account (for cheques) and a savings account.

Step 4. Apply to the national federation for use of the term CIGALES and send to the federation's board of administration the club statutes, the charter signed by all members, the contacts list for all members, and a cheque for the club's payment of annual membership of the federation.

There are three essential roles that facilitate the organisation and functioning of an investors' club: manager, secretary, and treasurer. The manager is a signatory and chief representative for the club whose address is used for correspondence and who will normally arrange and chair meetings. The secretary is the communications officer and record

keeper who compiles and distributes minutes. The treasurer handles the collection of the savings, establishes the balance sheet, and reports on the club's accounts; this is a role that requires accounting experience. Regional associations of CIGALES make available training opportunities for treasurers as well as pro forma documents and Frequently Asked Questions sheets.

Once in operation CIGALES can:

- invest capital in the company created but must remain at a level below blocking minority in accordance with the form of the company
- make funds available to an enterprise by the intermediary of the current account of club members
- create and/or develop with the entrepreneur(s) new projects in the form of enterprises which may be co-operatives (CAE, SCOP, SCIC, SICA), limited liability companies (SARL), or limited companies (SA) that are respectful of human beings and their environment
- participate in the local development of the geographical territory
- accompany the entrepreneur(s) as a human sounding board and support team throughout the period of the club's investment in the project
- open doors to a range of relevant contacts including specialised networks, regional institutions, and solidarity finance partners.

An investors' club is not a business so it is not treated as such by the tax office and French Treasury. Each individual member remains responsible for his or her own income tax declaration. The capital gains realised by a club that sells shares in which it has invested are taxable and must be declared. The law on finances fixes the tax rate annually.

The melding of two or more investors' clubs, or the splitting of one club into two, occurs occasionally and the procedures in these cases follow the articles contained in the club statutes. Normally, at the end of the five-year period of voluntary indivision, an investors' club winds down and the *Guide cigalier* explains the steps involved to liquidate the portfolio.

1.3 Examples of funded projects

AlterEos

AlterEos was formed through the transformation of an existing co-op, Flandres Ateliers, into a *société coopérative d'intérêt collectif* (SCIC). In this multi-stakeholder form of co-operative workers, users, volunteers, public bodies, associations can be members (see appendix 1). The purpose of AlterEos is to create sustainable employment for people with disabilities. It has 320 collaborators and via an ensemble of enterprises in the Lille metropolitan area provides some 500 jobs in the field of digitisation and electronic file management. AlterEos received the national Prix d'Engagement Sociétal in 2012 awarded by Ernst & Young and *Express* magazine.

Bertrand Joris, producer of saffron

In June 2012 the civic association Safran 63 received a cheque for €2,000 from the CIGALES Cent Façons based in Clermont-Ferrand. With this amount of money the association invested in equipment and saffron bulbs that were put in the hands of Bertrand Joris in order to grow and harvest his first crop of flowers.

Entre Lacs et Volcans Auberge, Bar and Restaurant

At La Cassière, Aydat in the department of Puy-de-Dôme Mekkaoui and Thomas Vacheresse took over an existing auberge and opened for business under the name Entre Lacs et Volcans. The

owner-hosts of this auberge, bar and restaurant now offer a warm welcome to families, walkers, tourists, civic associations, and local residents. There is accommodation for up to twenty-one people and the restaurant serves a homestyle cuisine featuring specialities of Auvergne. Entre Lacs et Volcans received a cheque for €3,000 from the CIGALES de la Serre, a club made up of fourteen residents in the local territory.

Doujañ

Doujañ is a workers' co-operative (SCOP) formed by women, most of whom are mothers. They are convinced of the environmental and health benefits derived from using organic cotton for everyday household and hygiene material, including washable nappies. Doujañ opened a production workshop managed by professional seamstresses at Plouégat-Guerrand in Brittany. The purpose of providing simple cloth products that are economical and easy to use has led Doujañ into discussions with staff at crèches and retirement homes looking to minimise the expense and waste incurred from use of throwaway synthetic items.

Page Centrale

Founded in 2011 Page Centrale is a co-operative publishing house for paper-based books and e-books specialising in works on the Massif central. Managed by Benoit Barrès and Sylvie Delolme, the co-operative provides a space of expression for writers, artists, researchers, and journalists with a

passion for the mountains of Auvergne. In 2014 the co-operative publishing house sought to develop its activities further and to do so it received €6,000 from the CIGALES de la Ruche.

Planète Sésame

After training at Grégoire Ferrandi's prestigious École supérieure de cuisine française in Paris, Mélanie Cataldo initially went into catering for the luxury market but quickly turned away from that world to put her skills toward solidarity. She approached the network Planète Sésame, that facilitates the creation of social enterprises connected with world cuisines, and convinced CIGALES along with SPEAR and FinanCités to support her project. In 2008 Mélanie Cataldo began by taking a catering van into office zones surrounding Paris. Over a five-year period she grew her business and was able to offer employment to eleven people. In 2013 she received the prize for very small enterprises (TPE) in the Grands Prix de la Finance Solidaire.

Farinez'vous

Domitille Flichy conceived the idea of helping persons in difficulty to find employment and a place in society through the baking profession. In 2008 she met Antoine Soive, a baker who had experience in training people to make bread in India and Nigeria as part of humanitarian projects. The two joined forces and convinced CIGALES, Garrigue, La Nef, and France Active to support their project. In September 2009 Farinez'vous opened the doors of its

first shop and other shops followed as the business grew.

SCIC Combrailles Durables

Situated at Loubeyrat in the department of Puy-de-Dôme this *société coopérative d'intérêt collectif* resulted from the transformation of a civic association in 2010 led by Isabelle Gardères. The SCIC's objective is to democratise and make more widely available the supply of renewable energy. Its first photovoltaic installation was for the school at Loubeyrat. In 2010 the association had twenty-five members, but now the SCIC is managed by an administrative council of thirteen and has 170 co-operative members. In 2012 the CIGALES des Tanneries became a member of the SCIC and in 2015 three CIGALES (Les Tanneries, Cent Façons, and L'Artière) invested €8,000.

Part 2 Savings in action

2.1 Finansol

Created in 1995 the association Finansol is a national structure with the mission to develop solidarity in savings and finance. It federates more than sixty businesses, civic associations and financial institutions (banks, mutual insurance) engaged with the social and solidarity movement. Legal advice where needed is arranged through a pro bono programme of Latham and Watkins LLP.

Finansol provides a respected recognisable label to solidarity savings products, which is attributed and controlled on an annual basis by a committee of independent experts. In 2015 there are nearly 140 products that carry the Finansol label. With the objective of increasing the numbers of solidarity savers Finansol is constantly looking to make innovative products accessible to individuals. Current initiatives include the development of life insurance (*l'assurance-vie solidaire*) and a sustainable development savings account (*le livret de développement durable*).

Each year Finansol in collaboration with the journal *La Croix* publishes a barometer of solidarity finance that measures the impact of solidarity savings and contains a table of products that carry the Finansol label.

2.2 Products and taxation

There are three different routes to

solidarity saving.

Route 1. Via the business

You can place your employee savings in a *fonds commun de placement solidaire* (FCPS) labelled Finansol. All businesses that offer employees a savings plan (*plan d'épargne entreprise* or *plan d'épargne pour la retraite collectif*) are obligated to propose at least one solidarity fund. Sums invested and interests received are exempt from taxation provided the investment is for five years (PEE) or until retirement (PERCO).

Route 2. Via the bank

Go to your bank and make a choice:

EITHER to share your interest by transferring between 25 and 100 per cent of the interest received on a solidarity savings product (*un produit de partage*) to a civic association of your choice. Many banks and insurance mutuals offer this type of product and 66 per cent of the sum transferred to the chosen civic association can be deducted from your income tax

OR to select a solidarity investment product (*un produit d'investissement solidaire*) where all or part of the amount invested will go towards projects of social and/or environmental utility and you keep all the interest received. Many banks and insurance mutuals offer this type of product.

Route 3. Via direct subscription for shares in an enterprise

Subscribe to the capital of a solidarity enterprise labelled Finansol. Receive a

reduction of income tax equivalent to 18 per cent of the amount of the subscription.

More information on taxation can be found in the '*Quelle fiscalité pour quel type de produit?*' notice on the Finansol website.

2.3 Profiles of savers

A study conducted by Finansol in 2012–13 sought to cast light on the social profiles of solidarity savers using mixed methods research: a quantitative survey for a sample of some 565,000 individuals and twenty-one qualitative interviews (Finansol 2013 has the details on methodology).

The chief discoveries from the Finansol study are:

- development of solidarity saving extends beyond circles of committed 'militants'
- there is strong growth potential in the amounts invested in these products
- there is progressive feminisation of the solidarity saver population
- security matters to the consumer whichever type of savings product is chosen
- there is high density of solidarity savers in Île de France and Rhône-Alpes
- loyalty is strong to solidarity savings products, people stick to what they know.

There are differences in the social profiles (gender, age bracket and so on) found across the three routes. The

average profile for Route 1 Via the business – in other words employee savings (*épargne salariale*) – is characterised as: Male, aged 44 years 5 months, lives in Île de France, average amount saved €3,485. The average profile for Route 2 Via the bank is characterised as: Female, aged 52 years 2 months, lives in Rhône-Alpes, average amount saved €11,510. The average profile for Route 3 Via direct subscription in shares in an enterprise is characterised as: Male, aged 49 years 4 months, lives in Île de France, average amount saved €3,449. Further breakdown of results from the study leads into typology of attitudes: militant, pragmatic, pro-active, ideological and so on.

Part 3 Working in partnership

3.1 Organisations and networks

A range of organisations and networks are linked up in the ESS creating synergies and channels of communication that benefit entrepreneurs in small businesses and civic associations who bring forward projects to CIGALES.

L'Association Nationale des Groupements de Créateurs (ANGC)

The Fédération nationale des CIGALES has developed a partnership, formalised in 2007, with the ANGC that is based in the French department of Seine-et-Marne. The objective of ANGC is to form entrepreneurs by grouping operations and expertise around a university to support young people, particularly those who are marginalised or in difficulty for some reason, in the entrepreneurial process.

Entrepreneurs de la cité

Entrepreneurs de la cité is a not for profit association that brings together professionals in entrepreneurship and insurance as well as public bodies. Its principal objective is to protect very small enterprises (TPE) from risks that are not of an economic nature via a programme of micro-insurance. Trousse Première Assurance is adapted to the needs of creators of very small enterprises helped by networks of support such as the CIGALES.

La Mondiale

La Mondiale is a mutual, owned by its members, and it is dedicated to life insurance, retirement plans, and savings. It works in partnership with the CIGALES to support social entrepreneurship.

Fonds de Confiance de France Active

France Active is a national network with 550 employees and 2,200 volunteers working to create and save jobs. Its 2014 activity report cites these achievements: 32,946 jobs created or consolidated, 6,938 projects accompanied and financed, €236 million mobilised.

Entrepreneurs who engage with France Active enter a five-stage process.

- welcome and meeting with an adviser who can orient the entrepreneur to social and solidarity finance partners
- advice including economic, social, and financial analysis of a project, evaluation of financial needs, and development of a strategy for financing
- assessment of a project by a committee who will make a recommendation
- leverage of help with financing if the committee's recommendation is positive
- follow-up and contact with financial partners.

Garrigue

Founded in 1985, in conjunction with

the development of CIGALES, Garrigue is a limited company (SA) that has co-operative status. Its financing operations encompass five fields: organic and ecological products, environment and ecology, fairtrade, local development, and aid to Africa. Garrigue accompanies an enterprise financially for five years after which it steps away to take on other projects.

When selecting enterprises to support Garrigue uses four criteria:

- production of social utility defined in terms of the nature of a product (the product must be 'sustainable' so not wasteful or harmful to the environment) and the accessibility of jobs created (as part of the battle against exclusion)
- respect for human beings and the environment
- democratic functioning
- economic viability.

Garrigue places the money of its shareholders in equity capital of enterprises; the financing is made in the form of acquisition of minority holdings (generally 5–30 per cent) for a fixed period of time between five and seven years. The acquisition of minority holdings is effected in small and medium sized enterprises, generally co-operatives (because of the democratic functioning selection criterion). The objective of Garrigue is to resell its acquisition, for example to the employees of the co-operative. The minimum amount of financing by Garrigue is €20,000. Currently the level of financing normally accorded is

between €50,000 and €100,000.

Subscriptions to the capital of Garrigue by individuals domiciled and taxed in France benefit from a direct reduction in tax. This means 18 per cent of the amount subscribed is deducted from income tax (within an annual limit of €50,000 for a single individual and €100,000 for a couple) and 50 per cent of the amount subscribed is deducted from the solidarity tax on fortune (ISF) within an annual limit of €45,000 per household, where the ISF applies.

Inaise

Established in Barcelona in 1989, through the initiative of seven finance organisations of the social economy, Inaise grew quickly in European and non-European countries. It provides a forum for social investors to come together and share experiences and information about using money for social and environmental objectives.

La Nef

La Nef (Nouvelle économie fraternelle) was begun in 1979 by a group of men and women who were inspired by ethical banks in Germany and Holland and formed a civic association to meet a need for 'financial tools for alternative innovative projects'. The first project supported in 1980 was for a biodynamic agricultural initiative. In 1984 the civic association was transformed into a co-operative and four years later in 1988 changed status again to become the Société financière anonyme coopérative de la Nef. Its values were and remain

centred upon ethical decision-making, transparency, and fraternity (solidarity between persons). In 2008 La Nef was a signatory to a Manifesto for a European Ethical Bank along with La Banco Popolare Etica (Italy) and FIARE (Spain). La Nef has around 33,400 members and in 2013 accorded €108 million in loans. French public interest in this ethical bank has risen markedly since the Global Financial Crisis. Deposits have increased between 15 per cent to 20 per cent each year. Members come from a wide variety of backgrounds. A new member must deposit €90 to open an account. Around 80 per cent of all funds deposited have come from 15 per cent of the membership. On 24 May 2014 at its Annual General Meeting members voted for La Nef to change status to become 'La Première Banque Ethique' in France. Previously La Nef worked in close partnership with Crédit coopératif but the members' vote to revise La Nef's status means that henceforward it will operate more autonomously and be able to offer a wider range of services to members.

3.2 Practitioners and policy-making

The text for a 'Projet de loi relatif de l'économie sociale et solidaire' was issued by the Ministère de l'économie et des finances for deliberation by government ministers on 24 July 2013. Prior to the text's circulation a wide range of actors were involved in extended consultation. Danièle Demoustier has described and analysed this process that involved numerous gatherings of the Conseil supérieur de l'ESS (CSESS) to critique ideas and

formulate proposals. Major meetings took place involving the CSESS, the Conseil économique, social et environnemental and the Contrôle générale économique et financier. Many different groups engaged in strong external lobbying. Demoustier states, perhaps too harshly, that the result was an 'unbalanced law' that reflected the 'lack of political ambition' explained by political polarisation on the issue of unemployment in France. Her article concludes with a call for the government to 'repoliticise daily life in a manner more responsible, just and democratic, in contrast to the extreme currents that politicise it on the basis of culpability or victimisation' (Demoustier, 2013).

Significant differences in the political landscape of Scotland compared with France should not discourage further thinking around what can be learned from French experiences of the ESS. Scottish audiences stand to benefit from dialogue with practitioners and researchers who have knowledge and experiences of solidarity finance and economic development, particularly in rural territories.

Concluding remarks

A veritable eco-system of ESS organisations and networks exists in France. What has been achieved there should bring energy and optimism to people in other places, not lead them to think nothing similar might be done where they live and work. Partnership has been vital in the French context, along with all of the opportunities and challenges implicit in that term.

This report has been completed at mid-point of the 30-month KTP between the University of Aberdeen and Scottish Agricultural Organisation Society Ltd. It may be the case that multiple solutions, involving multiple models of intermediary, are generated to meet the full needs and socio-economic requirements of a geographically, age disparate and culturally diverse farming sector in Scotland for affordable, ethical financial services. The research findings from France on solidarity finance to link investors with businesses are submitted to the Scottish Agricultural Organisation Society Ltd. for consultation internally and with relevant stakeholders.

Appendices

1. France's co-operative sector

There are over 23,000 co-operatives with more than 24 million members. Within the Top 100, seventy-six co-ops have their head office outside of Paris. French legislation applies a territorial constraint in that co-ops need to obtain official territorial authorisation for the right to operate in the economic sector applied for and within limits of specific restricted territory. The 10 September 1947 Law (French Law no. 47- 1775) is the key piece of legislation on co-operation. Agricultural co-ops must observe book V heading II of the rural and maritime fishing code.

There is considerable variety (twenty-five types) of co-operatives in France. One of the newest types is the *société coopérative d'intérêt collectif* (SCIC). The SCIC was created in 2001 and takes a multi-stakeholder form so that workers, users, volunteers, public bodies, associations can be members. Another fairly new type is the *coopérative d'activités et d'emploi* (CAE). Created in 1995 this business and employment co-op is an innovative use of the existing legal framework in France to address the challenge of marketplace survival for entrepreneurs.

COOPdeFrance is the national organisation representing French agricultural, food processing and agro-industrial co-operatives. Its action extends to European networks and

institutions through an office in Brussels to represent farmer co-operation. December 2014 figures from COOPdeFrance on the agricultural/food sector are:

- 2,750 co-operative enterprises, unions and SICA
- 11,545 CUMA
- Over 160,000 salaried employees
- €84.8 billion global turnover
- 40 per cent of French food processing industry

2. The ESS law in brief

Among the government's goals with the new law on the ESS is the creation of 40,000 jobs through worker co-ops and facilitating transfer of company-ownership to workers. There are two programmes targeted to boost youth employment in social and solidarity organisations: *emploi d'avenir* and *jeun-ess*. The government envisages creation of a fund for social innovation (€40 million) and a fund for equity investment (€100 million) to be channelled through existing dedicated funds of investment in co-ops. Regional Chambers of Social Economy play a role in policy promotion and raising awareness. The main government department with responsibility for ESS is the Direction générale du travail, la direction de la jeunesse, de l'éducation populaire et de la vie associative.

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